

CIA/OCI/CIB 0043/72
SEC/NFD

Approved For Release 2005/06/05 : CIA-RDP85T00875R000800020041-1

CENTRAL INTELLIGENCE BULLETIN
19 FEB 1972

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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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Nº 592

19 February 1972

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Approved For Release 2005/06/09 : CIA-RDP85T00875R000800020041-3

Approved For Release 2005/06/09 : CIA-RDP85T00875R000800020041-3

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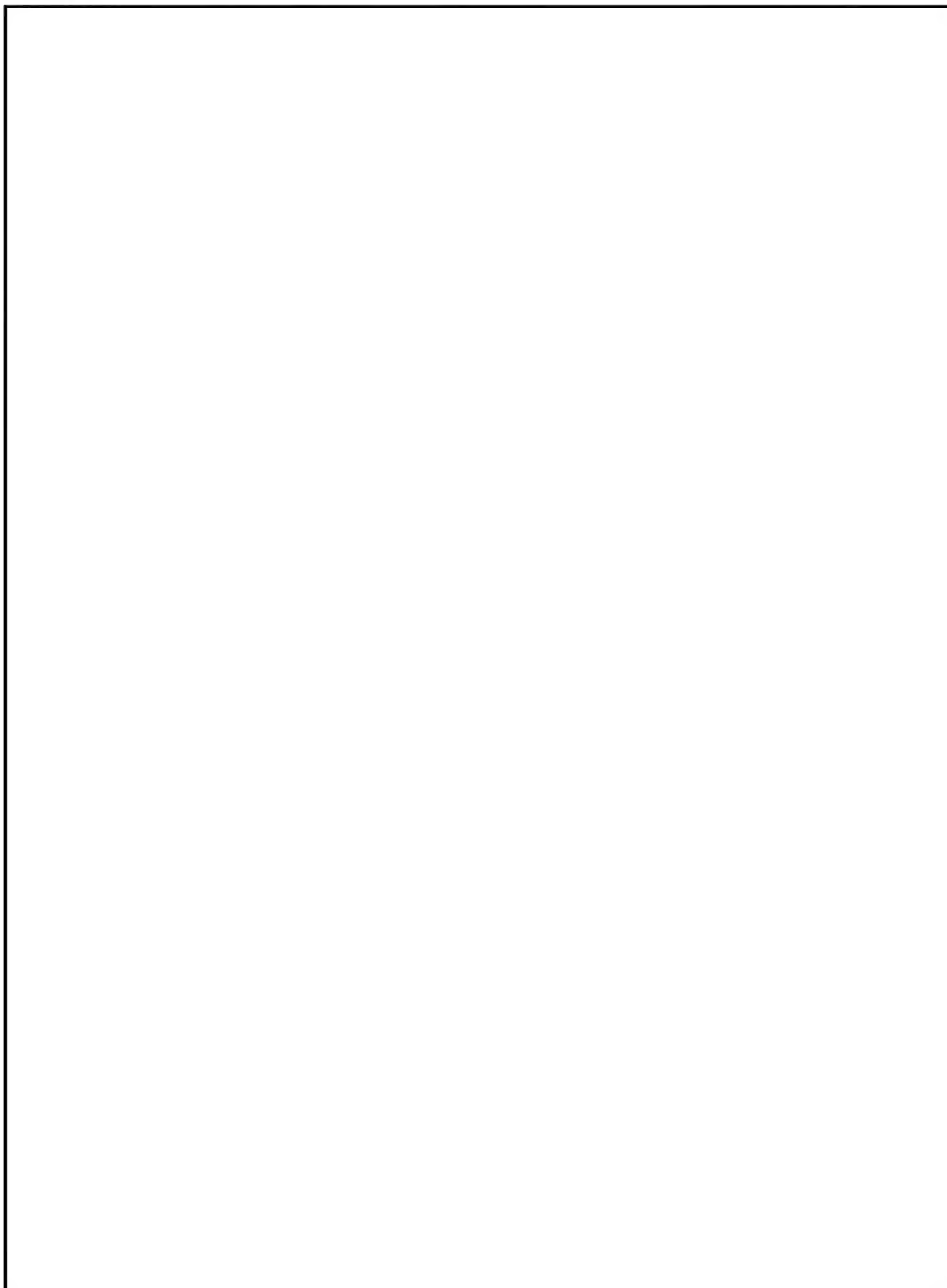
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NATO: The European allies are planning a considerable extension of intra-European military cooperation this year.

Representatives of the Eurogroup--the UK and the continental members of NATO except France and Portugal--recently approved several projects for joint military training. Eurogroup naval cadet sea training already is under way; joint language and forward air controllers' training is scheduled to begin next month. Joint training in operation of the Leopard tank will begin later this year.

The group also is studying military replacement needs, with the objective of coordinating procurement and, where needed, production. A study of a proposed future battlefield communication system is potentially significant because the French have been participating on an informal basis [REDACTED]

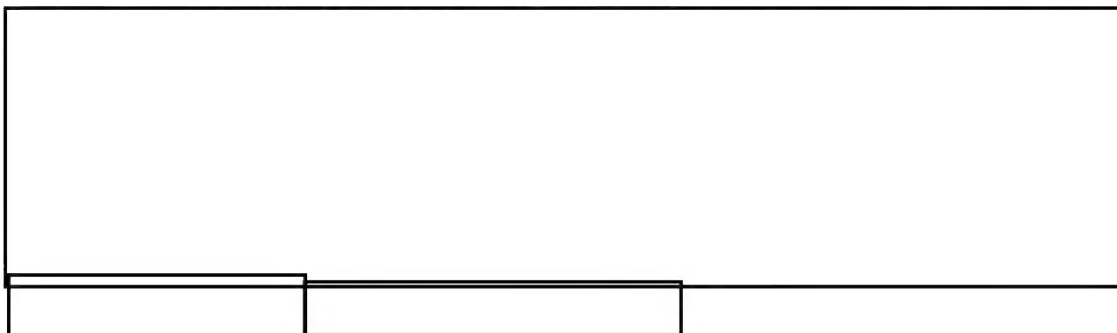
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[REDACTED] France is not expected to participate too extensively in the Eurogroup soon, but the group nonetheless keeps a "French chair" open.

When the Eurogroup defense ministers meet in May and again next fall, Bonn and London intend to encourage consideration of force structures and allied defense efforts. They hope to persuade Denmark, Belgium, Turkey, and others not to reduce their military programs. The group plans to publish again this fall a summary of its members' defense efforts to demonstrate their willingness to share the allied defense burden.

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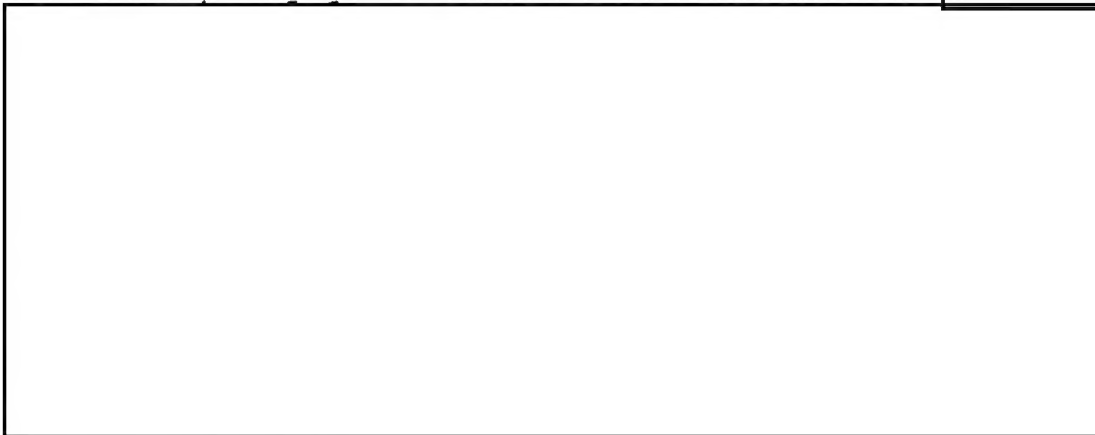
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ECUADOR: The new military regime appears determined to remain in power indefinitely and to demonstrate its capacity for effective leadership in contrast to the corruption and deficiencies of civilian government.

Although the government describes itself as "revolutionary," its leaders appear to be political moderates. The new cabinet is made up primarily of military officers. In each ministry one of the two top posts will be held by a military man, and the other by a civilian. The cabinet will report to a government council made up of President Rodriguez and the chiefs of the three armed services. Rodriguez has not mentioned elections or a return to constitutional government in any of his speeches.

The new government in its early days has tried to project an impression of moral rectitude.



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USSR-IRAQ: The Soviet-Iraqi talks in Moscow apparently included discussion of a treaty of friendship and cooperation.

The communiqué of 17 February at the end of the one-week visit of Saddam Tikriti, current strongman in the Iraqi Government, stressed that the two sides would study measures to "consolidate and embody in treaties the relations established between the two states and raise them to a new and higher level." The document carried additional references to a mutual desire for strengthening Soviet-Iraqi friendship and cooperation in the political, economic, and military spheres. In a speech at the Kremlin on 11 February, moreover, Tikriti noted that a "firm strategic alliance" between the two sides is the basis for developing future relations.

Tikriti's remarks suggest that, if discussion of a friendship treaty took place, it may have been at Baghdad's initiative. The Soviets have good reason to proceed carefully in this direction because of the previous instability of the Baathist government in Iraq. The Soviets presumably would also want time to assure the Shah of Iran that any treaty is not aimed at Tehran.

Unlike previous documents between Moscow and Baghdad, the current communiqué noted measures taken for a "peaceful democratic solution of the Kurdish problem" and for the "unification of all national, patriotic progressive forces." The Soviets reportedly have urged the Iraqis in the past to include such language in their joint statements, although the Baathist government is far from solving either problem. The communiqué gave no endorsement to political efforts for a Middle East settlement, an issue on which the Iraqis have never yielded to the Soviets. Finally, the document noted that the Soviet leaders had "accepted gratefully" Baghdad's invitation to visit Iraq.

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Soviet-Iraqi relations, which have blown hot and cold over the years, are thus warming up. Baghdad is edging away from its traditional isolation within the Arab world and is seeking Arab support against Iranian ambitions for hegemony in the Persian Gulf. Moscow wants to improve its position in the area in the wake of diminished Western presence. During the past year, the two sides have signed large military and economic aid agreements.

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FRANCE: The recent spate of scandals implicating ranking Gaullists as well as the controversy over Premier Chaban-Delmas' tax payments have caused the government considerable embarrassment and raised fears that its electoral prospects will suffer.

This concern lay behind Chaban's unprecedented appearance on television to defend himself against press and opposition charges of income tax irregularities. Chaban took the line that he had complied with existing tax laws, but contended that they are complicated and in need of improvement. Finance Minister Giscard D'Estaing had set the stage for Chaban in an earlier TV address by promising reform of the outmoded tax system. Chaban implied that he had President Pompidou's backing--an impression strengthened by D'Estaing's earlier appearance. The two interviews are unlikely to silence government critics but may help shift the debate and public attention from Chaban's personal finances to reform of the tax system.

Although Pompidou and Chaban have disagreed on a number of issues in the past and rumors that the prime minister would be dismissed have surfaced from time to time, Chaban has been an effective executive. Although his popularity has slipped, he still polled a favorable 51 percent in a recent public opinion survey. Given this widespread support and the premier's tie with the Gaullist party's centrists, Pompidou has good reason for keeping Chaban in office at least for the present. By affirming his faith in the premier, Pompidou also may hope to minimize the electoral impact of the tax affair and other scandals plaguing the government. Over the past year prominent Gaullists have figured in scandals involving fraud, abuse of public confidence, influence peddling, extortion, and theft. Only a few have been involved thus far, but there are persistent rumors that key Gaullists are implicated in more serious wrongdoing. [] []

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ROMANIA: Party leader Ceausescu probably has assumed personal charge of security and military affairs within the party secretariat after expressing over the past several months growing concern about the administration of state security.

At a plenum of the central committee last November, Ceausescu stressed internal security, and attention to this problem continued in an unusual exchange of New Year's messages between Ceausescu and the chairman of the Council for State Security. Ceausescu's belief that Lieutenant General Ion Serb, erstwhile commander of the Bucharest Garrison and of the 2nd Military Region, was working for Soviet intelligence may also have led to the party chief's decision to assume personal responsibility for security.

Vasile Patilinet, who held the military and security affairs portfolio in the secretariat, was removed on Thursday--a move that has been expected since his appointment in late January as minister of forest economy and construction materials. Cornel Burtica, formerly minister of foreign trade, filled the vacancy in the secretariat. The 41-year-old Burtica is a protégé of Ceausescu and, while he is energetic and able, his expertise is in economic matters, suggesting that his responsibility will not be security and military affairs.

Simultaneously with the announcement of the Patilinet-Burtica shift, a new law on the protection of state secrets went into effect. This law covers treason and other serious offenses, but includes the promulgation of a series of administrative and organizational procedures designed to limit exchanges of information with all foreigners.

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UN - MIDDLE EAST: Lebanese and Jordanian officials have expressed deep concern over the potential effects of cutbacks in refugee welfare services provided by the UN Relief and Works Agency (UNRWA).

The agency has been beset by chronic deficits in its operations and plans next month to stop distribution of sugar and soap, emergency food supplements, and school milk programs. Kerosene and woolen blankets needed for winter use will no longer be provided. The chief UNRWA official in Jordan believes some 150,000 refugees will face real hardship by late 1972.

The elimination this year of the annual \$1-million special US appropriation for the agency's vocational training programs will have an immediate impact. This probably will result in a closure of several schools, including the new vocational center at Wadi Sayir in Jordan. The vocational training programs are generally regarded as UNRWA's most valuable, having permitted large numbers of refugees to become self-supporting.

The government of Jordan has sent notes to the US and the UK alleging that the curtailment in services poses a serious threat to internal security and national stability. Lebanese UN delegate Mahmassani, chief spokesman for the Arab group on agency matters, has made similar remarks concerning his country. He noted that the fedayeen have found the refugee camps fertile recruiting grounds, and cutbacks affecting young people certainly would increase fedayeen influence among them. UNRWA's office in Jordan has tightened its security procedures in anticipation of hostile reaction to the announcement of the cuts.

There is no prospect of an early solution to the agency's problems. Western countries are balking at increasing their support of a program that has never received funds from the East Europeans.

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The Arab states have also been less than forthcoming, being reluctant to acknowledge any responsibility for the refugee situation. Jordan, which has the most at stake as the primary host government, already faces a substantial budgetary deficit and could not shoulder additional burdens. The Israelis could possibly take over any relief services cut back in the West Bank and Gaza areas, but this would be opposed by critics of its occupation policies. [REDACTED]

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TANZANIA: President Nyerere has announced a far-reaching reshaping of his government.

Nyerere has appointed Vice President Rashidi Kawawa to the newly created post of prime minister. An able and trusted lieutenant, Kawawa apparently will take over most of the day-to-day administration. Nyerere has also established three new cabinet posts, including a separate portfolio for foreign affairs, which until now he has handled himself.

Nyerere has never had much taste for the more mundane aspects of administration, and these steps seem designed primarily to relieve him of this burden so that he can concentrate on key party and policy matters. The President, who led the country to independence in 1961, has also hinted occasionally that he is not indispensable. The reorganization, therefore, may also be intended to give Kawawa and several young, newly appointed cabinet ministers a more prominent role in governing the country.

In addition, Nyerere has shifted several cabinet ministers to top regional administrative posts. This is in line with plans he announced late last month to vitalize rural development and to decentralize governmental authority for development planning and implementation. These men will be in a pivotal position to carry out the President's policy. As regional commissioners they will also automatically become members of the important central committee of the ruling party, where Nyerere reportedly encountered some stiff resistance to his decentralization plans. Although the regional reforms are likely to be costly and difficult because of the shortage of talented administrators, they are nonetheless meant to deal with real problems and could prove beneficial over the long run.

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INDIA: American and British drug manufacturers hope to persuade India to increase its opium output further.

US pharmaceutical firms have been advising New Delhi that American demand for India's legal opium exports is likely to rise. The most recent instance, according to the US Embassy in New Delhi, was a visit by a US chemical company official who predicted such rising demand in the US and suggested that India therefore should expand its opium poppy acreage.

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India is the world's largest producer and exporter of opium. Its legal opium production provides about 80 percent of the world's exports for medicinal use and in FY 1970-71 earned about \$11.5 million in foreign exchange. The UK has been the largest customer for Indian opium, followed by the US and the Soviet Union. India's opium production and exports have been increasing steadily since the mid-1960s, and government officials have told the US Embassy that New Delhi will encourage cultivators to increase their output further if the demand warrants. The Indians may have misgivings, however, because of the possibility of international pressure for an eventual world-wide ban on all opium production.

Government supervision of opium production is relatively effective in India. Illicitly produced opium is available on the domestic black market, but the government does not view it as a serious problem. Illegal exports are minimal, although they could increase if international traffickers shift their demand to India in the wake of Turkey's decision to end its poppy production this year. Turkish opium has been the source of most of the heroin illegally entering the United States.

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SOUTH KOREA: President Pak Chong-hui is planning to make a foreign policy statement to the nation timed to coincide with President Nixon's visit to Peking.

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[REDACTED] Seoul has been concerned that some agreement on Korea might be reached at the Sino-US summit and has persistently sought assurances to the contrary from the US. Pak's statement may also be designed to bolster public confidence in his ability to defend the country's interests. It could in addition provide the President a good opportunity to set forth a more authoritative response to recent North Korean proposals for talks with the South. In any case, Seoul would appear to have little leeway at the present time for making dramatic departures from its current policies, and Pak's speech will probably contain no major surprises. [REDACTED]

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USSR-YUGOSLAVIA: A large barter deal with Belgrade's Fiat affiliate strengthens bilateral economic ties and increases Moscow's influence in Serbia's largest industry. The Yugoslav firm will sell auto parts worth \$100 million to the Soviet Fiat plant at Togliatti over a three-year period in exchange for 15,000 Togliatti-produced Fiats, industrial equipment, and other commodities. Although the Yugoslav plant has provided parts to Togliatti in the past, the new contract substantially increases interdependence between the two enterprises. The Fiat deal comes on the heels of a \$135-million Soviet credit made in January for development of aluminum complexes in Bosnia. There also have been reports that Soviet credits exceeding \$200 million for nonferrous metal and steel industries in other less developed areas of Yugoslavia will be discussed next month.

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